

B26 (Official Form 26) (12/08)

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JUN 16 2014

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

United States Bankruptcy Court

Eastern

District of California

In re Daniel Myer EdstromCase No. 12-29353-B-11

Debtor

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF ~~NAME OF DEBTOR~~ Daniel Myer Edstrom
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of 5-31-2014 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of ~~Name of Debtor~~ Daniel Myer Edstrom holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #
<u>OTC Systems, Inc</u>	<u>50%</u>	<u>1</u>

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of ~~Debtor~~ Daniel Myer Edstrom holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

B26 (Official Form 26) (12/08) – Cont.

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Date: 6-15-2014

Daniel Edstrom
Signature of Authorized Individual

Daniel Edstrom
Name of Authorized Individual

President and Debtor-in-possession
Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)

Daniel Edstrom
Signature of Debtor

Signature of Joint Debtor

B26 (Official Form 26) (12/08) -- Cont.

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Exhibit A *OTC Systems, Inc.*
Valuation Estimate for ~~Name of Entity~~

[Provide a statement of the entity's value and the value of the estate's interest in the entity, including a description of the basis for the valuation, the date of the valuation and the valuation method used. This valuation must be no more than two years old. Indicate the source of this information.]

See attached explanation

B26 (Official Form 26) (12/08) – Cont.

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Exhibit B *DTC Systems, Inc.*
Financial Statements for ~~Insert Name of Entity~~

See attached reports, all of which are provided as of 5-31-2014
and all of which are from accounting software QuickBooks 2011

The Balance sheet is as of 5-31-2014, all other reports are
from 12-1-2013 through 5-31-2014

B26 (Official Form 26) (12/08) – Cont.

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Exhibit B-1

DTC Systems

Balance Sheet for ~~[Name of Entity]~~

As of ~~[date]~~ *5-31-2014*

[Provide a balance sheet dated as of the end of the most recent six-month period of the current fiscal year and as of the end of the preceding fiscal year. Indicate the source of this information.]

see attached

B26 (Official Form 26) (12/08) – Cont.

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Exhibit B-2

PTC Systems

Statement of Income (Loss) for [Name of Entity]

Period ending [date] *5-31-2014*

[Provide a statement of income (loss) for the following periods:

(i) For the initial report:

- a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
- b. the prior fiscal year.

(ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

see attached

B26 (Official Form 26) (12/08) – Cont.

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Exhibit B-3

DTC Systems

Statement of Cash Flows for [Name of Entity]

For the period ending [date] 5-31-2014

[Provide a statement of changes in cash flows for the following periods:

(i) For the initial report:

- a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
- b. the prior fiscal year.

(ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

See attached

B26 (Official Form 26) (12/08) – Cont.

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Exhibit B-4

DTC Systems

Statement of Changes in Shareholders'/Partners' Equity (Deficit) for [Name of Entity]
period ending [Date] *5-31-2014*

[Provide a statement of changes in shareholders'/partners equity (deficit) for the following periods:

- (i) For the initial report:
 - a. the period between the end of the preceding fiscal year and the end of the most recent six-month period of the current fiscal year; and
 - b. the prior fiscal year.
- (ii) For subsequent reports, since the closing date of the last report.

Indicate the source of this information.]

See attached

B26 (Official Form 26) (12/08) – Cont.

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Exhibit C *DTC Systems*
Description of Operations for ~~name of entity~~

[Describe the nature and extent of the estate's interest in the entity.

Describe the business conducted and intended to be conducted by the entity, focusing on the entity's dominant business segment(s). Indicate the source of this information.]

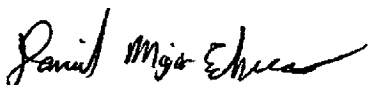
In RE DANIEL MAJOR EDSTROM, Debtor-in-Possession Form B26 - Valuation Estimate
Case # 12-29353-B-11

Valuation Estimate of DTC Systems

I am not an expert in valuating this business and have no experience in doing so. Based on the Balance Sheet from May 31, 2014, the total equity is \$ 145,392.66, the total assets of the business are \$ 145,392.66 and the total liabilities & equity is \$ 145,392.66. This information does not appear to account for depreciation. Debtor's opinion of the value of the business is estimated at \$ 30,000.00. Debtors 50% interest in the business is estimated at \$ 15,000.00.

The source of this information is from my personal knowledge as well as the DTC Systems balance sheet report covering the period of 12/01/2013 to 5/31/2014 from DTC Systems accounting software – QuickBooks 2011.

June 15, 2014



Daniel Major Edstrom
President and Debtor-in-possession

9:36 AM
06/15/14
Cash Basis

DTC Systems
Balance Sheet
As of May 31, 2014

	<u>May 31, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
US Bank	5,800.90
Total Checking/Savings	5,800.90
Other Current Assets	
1994 Computers/Peripherals	1,646.00
1994 General Business System	2,054.00
94 Computer Software	1,500.00
95 Computer Software	726.00
Coffee table	862.92
Computer Desk	352.00
Computer Upgrades	3,226.00
DVD Player	215.99
Employee Advances	
Daniel M Edstrom	14,397.60
Teri A Edstrom	9,153.89
Total Employee Advances	23,551.49
HP Printer	542.00
Makita Cordless Drill	118.00
Multimedia System	9,836.00
Netgear Router	109.43
Nokia 8260	119.11
Office Furniture	
Cubicle Office System	3,496.57
Office Furniture - Other	142.72
Total Office Furniture	3,639.29
RCA PROSW100P	164.96
RCA PROSW200P	215.96
Sealy Futon	485.96
Software	
Quickbooks Pro	179.00
QuickBooks Pro 2011	440.94
Visual Studio 6.0 Enterprise	1,190.70
Total Software	1,810.64
Sprint TP3000	496.77
Total Other Current Assets	51,672.52
Total Current Assets	57,473.42
Fixed Assets	
ACER NetBook	303.08
ACER NetBook #2	303.08
Total Fixed Assets	606.16
Other Assets	
21' Gorilla Ladder	213.35
3/8" Cordless Drill Kit 9.6V	107.24
5 Port Hub	75.76
6x9 Rug	890.35
Air Tools	140.06
Automobile	
Explorer	25,658.93
Mustang	28,589.71
Automobile - Other	4,561.78
Total Automobile	58,810.42
Baseboard Heater	48.48

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06/16/14
Cash Basis

DTC Systems
Balance Sheet
As of May 31, 2014

	May 31, 14
Cell Phones	
Bluetooth Headset	70.00
Droid Bionic - Dan	248.49
Droid Bionic - Teri	248.49
Motorola V276 Cell Phone	268.11
Nokia	50.00
Qualcomm 3G	100.00
Total Cell Phones	985.09
Classical Guitar	312.84
Comp USA Computer	1,569.61
Comp USA P-III PC	1,623.74
Computer Equipment	
5 Port Switch	32.76
802.11 USB Router	54.61
Hot Swap Hard drives chassis	65.44
Total Computer Equipment	152.81
Computer Monitor	194.83
Computer System	
17" Monitor	811.86
Computer - Pentium II	2,163.92
Dell Laptop	900.00
eMachines Computer-T5025	628.18
Toshiba Laptop	700.00
Total Computer System	5,203.96
Emerson VHS/DVD/CD/MP3 Player	73.92
Epson Printer	349.99
Epson Stylus CX600 Printer	218.49
Globe	450.00
Gold	310.00
Gorilla Steel Shelving	128.68
Guitar Amplifier	150.47
High Pressure Washer	184.01
HP 14GB Portable Tape Backup	324.74
HP OfficeJet	292.25
Kinkade Painting-Quiet Evening	1,299.00
Kinkade Painting-Spring Gate	357.21
Kinkade Painting - Venice	1,150.00
Kinkade Sunday Afternoon	1,296.00
Mixer	269.36
MS Visio 2000 Professional	216.49
Multimedia	
Denon AVR5600	2,907.90
Klipsch KG4	325.00
Sony DVP-S7000	1,014.08
Technics Receiver	216.49
Total Multimedia	4,463.47
Network Card	43.29
Network Card NDC	27.05
Networking	
Speedstream 5100	99.97
Total Networking	99.97

9:36 AM
06/15/14
Cash Basis

DTC Systems
Balance Sheet
As of May 31, 2014

	<u>May 31, 14</u>
Orion DVD Player	129.88
QuickBooks Premier 2006	312.46
RCA Television	167.99
RCA VHS Camcorder	487.11
Regent HT-2004	49.99
Renoir	100.00
See2 XTreme USB External HDD	79.99
Sewing Machine	215.49
Silver	36.88
Smoke Detectors	21.54
Table/Chairs	183.11
Toshiba Canvio External HDD	149.99
Toshiba Qosmio G25-AV513	1,934.00
Tripplite UPS	140.71
ViewSonic A90 Monitor	432.99
Windows X Professional with SP2	617.15
Wireless Alarm System	220.87
Total Other Assets	<u>87,313.08</u>
TOTAL ASSETS	<u>145,392.66</u>
LIABILITIES & EQUITY	
Equity	
Capital Stock	20,000.00
Retained Earnings	95,045.48
Net Income	30,347.18
Total Equity	<u>145,392.66</u>
TOTAL LIABILITIES & EQUITY	<u>145,392.66</u>

9:36 AM
06/16/14
Cash Basis

DTC Systems
Profit & Loss
December 2013 through May 2014

	<u>Dec '13 - May 14</u>
Ordinary Income/Expense	
Income	
Consulting Income	50,232.10
Total Income	<u>50,232.10</u>
Expense	
Automobile Expense	3,983.38
Bank Service Charges	458.50
Communications	
Internet Access High Speed	259.18
Total Communications	<u>259.18</u>
Insurance	
Liability Insurance	56.33
Medical	337.13
Total Insurance	<u>393.46</u>
Miscellaneous	300.00
Office Supplies	3,987.17
Outside Services	-220.00
Postage and Delivery	283.33
Professional Fees	
Accounting	750.00
Title Docs	320.00
Total Professional Fees	<u>1,070.00</u>
Refund	-56.33
Telephone	1,532.30
Travel & Ent	
Entertainment	84.81
Meals	4,399.83
Travel	2,308.21
Total Travel & Ent	<u>6,792.85</u>
Utilities	
Gas and Electric	447.99
Water	99.76
Total Utilities	<u>547.75</u>
Total Expense	<u>19,331.59</u>
Net Ordinary Income	30,900.51
Other Income/Expense	
Other Expense	
Charity	10.00
Other Expenses	1,028.33
Total Other Expense	<u>1,038.33</u>
Net Other Income	<u>-1,038.33</u>
Net Income	<u><u>29,862.18</u></u>

9:35 AM

06/15/14

DTC Systems
Statement of Cash Flows
 December 2013 through May 2014

	<u>Dec '13 - May 14</u>
OPERATING ACTIVITIES	
Net Income	29,862.18
Adjustments to reconcile Net Income to net cash provided by operations:	
Employee Advances	-2,204.80
Employee Advances: Daniel M Edstrom	-13,231.19
Employee Advances: Teri A Edstrom	-7,962.48
Net cash provided by Operating Activities	<u>6,463.71</u>
FINANCING ACTIVITIES	
Retained Earnings	-666.41
Net cash provided by Financing Activities	<u>-666.41</u>
Net cash increase for period	5,797.30
Cash at beginning of period	<u>3.60</u>
Cash at end of period	<u><u>6,800.90</u></u>

United States Bankruptcy Court, Eastern District of California, Sacramento Division

Case #12-29353-B-11

in RE: Daniel Major Edstrom

DTC Systems, Inc.

Statement of Changes in shareholders' / partner' equity (deficit)

For Period ending 05/31/2014

	Period (12/01/2013 to 05/31/2014)
Balance, beginning of period	\$ 116,196.89
Comprehensive net income	
Net income	\$ 30,347.18
other comprehensive income, net of tax	
Unrealized gains (losses) on securities	
Foreign translation adjustments	
Minimum pension liability adjustment	
Issuance of stock	\$ 20,000.00
Dividends paid	\$ 95,045.48
Balance, end of period	\$ 145,392.66

In RE DANIEL MAJOR EDSTROM, Debtor-in-Possession - Form B26 Exhibit C
Case # 12-29353-B-11

The business conducted and intended to be conducted is Information Technology related services, including Software Development, Software Architect, Network Architect, Web Architect, Systems Engineer, Research, and Reverse Engineering / Failure Analysis. This includes research into complex Wall Street Financial Engineering, title analysis and litigation support. The entities dominant business segment is currently providing research and analysis, as well as litigation support to law firms defending homeowners and commercial businesses against title defects, off record transactions, non-judicial and judicial foreclosure and bankruptcy.

Principal Services rendered

- Title Matrix Analysis
- Securitization Reverse Engineering and Failure Analysis
- Litigation Support consulting to attorneys nationwide
- Expert Witness Affidavits
- SharePoint Architecture and Design and SharePoint Development

Description of the status of a new product or segment

This is still a new and expanding segment of business operations: Litigation support and administrative assistance to a small number of law firms.

Sources of availability of Raw Materials

Public records through the Securities and Exchange website, Records Offices nationwide, Pacer, court cases, Internet, Trustee and master servicer websites, etc.

Any significant patents, trademarks, licenses, franchises, and concessions held

n/a

Seasonality of the business

- Primary season is from approx. April through November
- Offseason is from approx. December through March

Dependence upon a single customer or a few customers

The business has depended in the past on LivingLies.wordpress.com sales, as well as Luminaq as a primary source of income. The business now operates by providing services through a small number of law firms nationwide.

Dollar amount of backlog orders believed to be firm

Approx. \$ 10,250.00

In RE DANIEL MAJOR EDSTROM, Debtor-in-Possession - Form B26 Exhibit C
Case # 12-29353-B-11

Exposure to renegotiation or redetermination or termination of significant contracts

Medium

Competitive conditions facing the entity

A large number of unqualified competitors are constantly entering the market. The complexity of the analysis that we provide puts our firm as an industry leader. However, risk of market share loss is a significant risk.

Description of Properties Owned

None

Significant Legal Proceedings

None

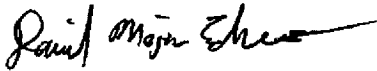
Material Purchase Commitments

None

Trends events or uncertainties likely to have a material impact on the entity's short-term liquidity, net sales or income from continuing operations

Our current clients are lawyers helping clients facing foreclosure, bankruptcy and/or numerous off-record transactions. This client segment bubbled in 2008-2009 and is expected to continue for an unknown number of years. This market is a highly volatile market with court cases coming out frequently on opposite sides of the spectrum. Additionally legislation from state and federal governments as well as government settlements (state and federal) has significant impacts, although the settlements have been mostly for show without any real force and effect. Additionally there are significant unknown factors (borrower feelings, moral hazard, etc.) as well as other known factors (most of the National Banks are off-loading servicing to non-banks not subject to Cease and Desist Consent Orders from regulators) that can have widespread unknown impacts.

This information was prepared by Daniel Edstrom, President of DTC Systems, Inc. from my personal knowledge.



Daniel Major Edstrom
President and Debtor-in-possession